

In the Matter of the

**FINANCIAL INSTITUTIONS ACT, RSBC 1996, c.141**  
(the “Act”)

and the

**INSURANCE COUNCIL OF BRITISH COLUMBIA**  
 (“Council”)

and

**PRAJITH CHAKKINGAL**  
(the “Licensee”)

## **ORDER**

As Council made an intended decision on June 18, 2024, pursuant to sections 231, 236, and 241.1 of the Act; and

As Council, in accordance with section 237 of the Act, provided the Licensee with written reasons and notice of the intended decision dated July 22, 2024; and

As the Licensee has not requested a hearing of Council’s intended decision within the time period provided by the Act;

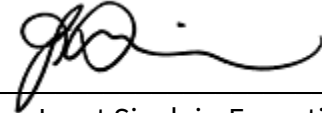
Under authority of sections 231, 236, and 241.1 of the Act, Council orders that:

- 1) The Licensee is fined \$3,000, to be paid by November 12, 2024;
- 2) The Licensee is required to complete the Insurance Council Rules Course for Life and accident and sickness insurance and the Continuing Education Guidelines and Requirements course (collectively, the “Courses”) by November 12, 2024;
- 3) The Licensee is assessed Council’s investigation costs of \$562.50, to be paid by November 12, 2024;
- 4) The Licensee is required to complete the outstanding 7.5 CE credits by November 12, 2024, which cannot be applied to the CE required for any other licence period; and
- 5) A condition is imposed on the Licensee’s life and accident and sickness insurance agent licence that failure to complete the Courses, complete the outstanding 7.5 CE

Order  
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credits, pay the fine and investigation costs in full by their deadlines will result in the automatic suspension of the Licensee's licence, and the Licensee will not be permitted to complete their 2026 annual licence renewal until such time as the Licensee has complied with the conditions listed herein.

This order takes effect on the **13<sup>th</sup> day of August, 2024.**

A handwritten signature in black ink, appearing to read 'Janet Sinclair', written over a horizontal line.

Janet Sinclair, Executive Director  
Insurance Council of British Columbia

## **INTENDED DECISION**

of the

### **INSURANCE COUNCIL OF BRITISH COLUMBIA**

(“Council”)

respecting

### **PRAJITH CHAKKINGAL**

(the “Licensee”)

1. Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation to determine whether the Licensee had acted in compliance with the requirements of the Act, Council Rules and Code of Conduct regarding allegations that the Licensee failed to complete the required continuing education (“CE”) credits during the 2021/2022 licence period (the “Licence Period”) and failed to notify Council that he had been charged with a criminal offence.
2. On March 27, 2024, as part of Council’s investigation, a Review Committee (the “Committee”) met with the Licensee via video conference to discuss the investigation report and to allow the Licensee an opportunity to provide additional information and make further submissions.
3. Having reviewed the investigation materials, the Committee prepared a report for Council. The Committee’s report, along with the Investigation Report, were reviewed by Council at its June 18, 2024, meeting, where it was determined the matter should be disposed of in the manner set out below.

## **PROCESS**

4. Pursuant to section 237 of the Act, Council must provide written notice to the Licensee of the action it intends to take under sections 231, 236 and 241.1 of the Act before taking any such action. The Licensee may then accept Council’s decision or request a formal hearing. This intended decision operates as written notice of the action Council intends to take against the Licensee.

**FACTS**

5. The Licensee has been licensed with Council as a life and accident and sickness insurance agent (“Life Agent”) since November 10, 2021.
6. An audit was initiated after the Licensee self-disclosed a CE breach when requesting an extension to the time allowed for him to complete the required number of CE credits for the Licence Period.
7. During that audit, Council staff noted that the Licensee had answered “no” to the question about being under investigation by any organization in his licence application despite ongoing criminal proceedings at the time the Licensee submitted his application.
8. On May 31, 2022, the Licensee sent an email to Council requesting an extension to July 2022 to complete CE. He was dealing with family emergencies and did not realize that his licence was due to be renewed six months after it was issued in November 2021. The Licensee said he could complete enough CE credits in one month if additional time was provided.
9. Council staff requested the Licensee complete an Annual Licence Renewal Declaration form, provide evidence of valid errors and omissions (“E&O”) coverage, and provide CE records for the Licence Period by November 17, 2022.
10. On November 15, 2022, the Licensee called to advise that he would submit all necessary CE certificates and also asked how he should answer the question on the renewal application form regarding criminal records, stating he was unaware of his obligation to notify Council of criminal offences.
11. Council staff explained that licensees charged or convicted of any criminal offence or any offence under any law of any jurisdiction must notify Council within five business days from the date they are charged. Staff further reiterated that as of June 1, 2021, Council’s updated CE guidelines require all Life Agents to complete 15 CE credits per licence period.
12. On November 16, 2022, the Licensee submitted two CE credit certificates, a copy of his E&O policy and a copy of a probation order.
13. [REDACTED] Despite the ongoing

criminal proceedings and investigation, the Licensee had answered “no” to the question regarding any pending legal proceedings on his Life Agent licence application.

14. During the Committee meeting, the Licensee expressed confusion about the wording of the declarations on his renewal and licence application [REDACTED] [REDACTED] he does not have a criminal record.
15. When asked about his declaration on his licence application that there were no pending legal proceedings, which was false, the Licensee reiterated that he was confused as to the nature of his charges relative to the declaration, and in particular that at the time he had provided that response the accusations against him were merely allegations. The Licensee was unsure whether the charges would result in a court date or any further legal proceeding.
16. As to the CE credit shortage, the Licensee further explained that he was unaware that the CE he obtained prior to being licensed would not qualify for the CE program. The Licensee described his breaches, both in relation to the CE and criminal offence declarations, as being inadvertent mistakes.

## **LEGISLATIVE FRAMEWORK**

17. Council determined the following sections of the Council Rules and Code of Conduct apply to this matter:

### **Council Rules**

#### ***Rule 7: Licence Conditions***

- 7(3) *A licensee must notify Council within 5 business days:*
  - (a) *where the licensee or any business the licensee owns or has participated in as a director,*  
*[...]*
  - (iv) *is charged or convicted of any criminal offence or any offence under any law of any jurisdiction, excluding traffic offences resulting in monetary fines only;*
- 7(5) *A licensee must meet the requirements of the continuing education program established by Council, as amended from time to time.*

7(8) *A licensee must comply with the Council's Code of Conduct, as amended from time to time.*

## **Code of Conduct**

### **Section 12, Dealing with the Insurance Council of British Columbia**

#### 12.2 REQUIREMENT

*You must respond promptly and honestly to inquiries from Council.*

### **Section 13, Compliance with Governing Legislation and Council Rules**

#### 13.2 REQUIREMENT

*You must be aware of and comply with your duties and obligations under the Act, the Insurance Act, the Rules and the Code.*

## **ANALYSIS**

18. Council determined that the Licensee had failed to obtain the required CE credits for the Licence Period in breach of Council Rules 7(5) and 7(8) and Code of Conduct section 13 and failed to notify Council of pending criminal charges in breach of Council Rules 7(3) and 7(8) and Code of Conduct sections 12 and 13. Additionally, Council found the Licensee made a misstatement in his licence application by answering "no" to the question asking if the Licensee had any pending legal proceedings against him when there were ongoing criminal proceedings at the time he made his licence application.

## **PRECEDENTS**

19. Prior to making its intended decision, Council took several of its past decisions into consideration as precedents. The following precedent summaries represent some of the most instructive of those past decisions.
20. [Keley Low](#) (February 2024): While licensed, a former licensee failed to maintain the required CE credits for three consecutive licence periods. Subsequent to Council's investigation, the former licensee made up some of the deficit CE credits. The former licensee was fined \$3,000, representing \$1,000 for each licence period in which she failed to obtain the required CE credits; was required to complete the

Council Rules Course or equivalent, and was assessed investigation costs, all of which were required to be completed before the former licensee would be licensed by Council in the future.

21. [Shahzad Murtaza Gurmani](#) (August 2021): A former licensee had answered “no” to two questions on his licence application relating to whether he had ever been licensed with another financial services regulator and whether he had ever been subject to prior disciplinary action from any financial services regulator. However, the former licensee’s declarations were incorrect, as he had been licensed by the Registered Insurance Brokers of Ontario, which had disciplined him. The former licensee was fined \$2,000 and required to complete additional education in addition to being assessed investigation costs.
22. Council recognized, having reviewed the precedents, that the approach it has adopted for disciplining licensees who have breached Council Rules pertaining to CE requirements is to assess a “baseline” fine of \$1,000 for each breach and to require the licensee to complete the Council Rules Course and the Continuing Education Guidelines and Requirements course. In some cases, mitigating factors are identified that support a lowering of the fine amount.

#### **MITIGATING AND AGGRAVATING FACTORS**

23. Council found the Licensee’s efforts to make up the CE shortfall, his cooperation with Council’s investigation and his self-disclosing of his breaches to be mitigating factors.
24. Council found several aggravating factors. In particular, Council found the Licensee ought to have known that his declarations were incorrect and that he had an obligation to disclose pending criminal charges. Council also found the Licensee’s conduct showed a flagrant disregard for the regulatory regime. While not specifically an aggravating factor, Council also considered that the Licensee’s unfamiliarity with his obligations indicated he was likely to repeat similar misconduct in the future and did not appreciate the gravity of his misconduct.
25. On balance, Council found that the mitigating factors did not outweigh the aggravating factors to a degree that departure from the baseline established by precedent was warranted.

#### **CONCLUSIONS**

26. Council considered a fine of \$3,000 to be appropriate, representing \$1,000 for failing to complete the required CE for the Licence Period and \$2,000 for failing to notify Council of his pending criminal charges and for making misstatements to Council on his application and annual renewal.
27. Council also determined the Licensee would benefit from further education to better familiarize himself with the obligations that accompany licensure.
28. With respect to investigation costs, Council determined that these costs should be assessed to the Licensee. As a self-funded regulatory body, Council looks to licensees who have engaged in misconduct to bear the costs of their discipline proceedings, so those costs are not otherwise borne by British Columbia's licensees in general. Council has not identified any reason for not applying this principle in the circumstances.

#### **INTENDED DECISION**

29. Pursuant to sections 231, 236 and 241.1 of the Act, Council made the following intended decision that:
  - a) The Licensee be fined \$3,000, to be paid within 90 days of Council's order;
  - b) The Licensee be required to complete the Council Rules Course for life and accident and sickness insurance and the Continuing Education Guidelines and Requirements course (collectively, the "Courses") within 90 days of Council's order;
  - c) The Licensee be assessed Council's investigation costs of \$562.50, to be paid within 90 days of Council's order;
  - d) The Licensee be required to complete the outstanding 7.5 CE credits within 90 days of Council's order, which cannot be applied to the CE required for any other licence period;
  - e) A condition be imposed on the Licensee's life and accident and sickness insurance agent licence that failure to complete the Courses, complete the outstanding 7.5 CE credits, pay the fine and investigation costs in full by their deadlines will result in the automatic suspension of the Licensee's licence, and the Licensee will not be permitted to complete their 2026 annual licence renewal until such time as the Licensee has complied with the conditions listed herein.



30. Subject to the Licensee's right to request a hearing before Council pursuant to section 237 of the Act, the intended decision will take effect after the expiry of the hearing period.

#### **ADDITIONAL INFORMATION REGARDING FINES/COSTS**

31. Council may take action or seek legal remedies against the Licensee to collect outstanding fines and/or costs, should these not be paid by the 90-day deadline.

#### **RIGHT TO A HEARING**

32. If the Licensee wishes to dispute Council's findings or its intended decision, the Licensee may have legal representation and present a case in a hearing before Council. Pursuant to section 237(3) of the Act, to require Council to hold a hearing, the Licensee **must give notice to Council by delivering to its office written notice of this intention within fourteen (14) days of receiving this intended decision**. A hearing will then be scheduled for a date within a reasonable period of time from receipt of the notice. Please direct written notice to the attention of the Executive Director. **If the Licensee does not request a hearing within 14 days of receiving this intended decision, the intended decision of Council will take effect.**
33. Even if this decision is accepted by the Licensee, pursuant to section 242(3) of the Act, the British Columbia Financial Services Authority ("BCFSA") still has a right of appeal to the Financial Services Tribunal ("FST"). The BCFSA has thirty (30) days to file a Notice of Appeal once Council's decision takes effect. For more information respecting appeals to the FST, please visit their website at <https://www.bcfst.ca/> or visit the guide to appeals published on their website at <https://www.bcfst.ca/app/uploads/sites/832/2021/06/guidelines.pdf>.

Dated in Vancouver, British Columbia on the **22<sup>nd</sup> day of July, 2024.**

For the Insurance Council of British Columbia



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Janet Sinclair  
Executive Director